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TAGS: ETRD PREL YM MU

SUBJECT: STABILIZING YEMEN: OMAN, YEMEN TO BOOST TRADE TIES

CLASSIFIED BY: Richard Schmierer, Ambassador, Department of State, Embassy Muscat; REASON: 1.4(B), (D)

11. (U) Omani press reports on October 1 summarized the discussions between Omani Minister of Commerce and Industry, Maqbool bin Ali Sultan, and the Yemeni Minister of Industry and Trade, Dr. Yahya bin Yahya al Mutawakil, which were held in Oman on September 29. The talks focused on promotion of trade between the two countries, cooperation in food security, supporting Yemen's joining the World Trade Organization (WTO) and global economic fora, easing trade of national commodities, and further integration of the Yemeni economy into the GCC economies. This followed a decision last year to allow Yemen to join more GCC communities. It was also agreed that bi-annual meetings will be held alternately in Muscat and Sana'a to further these discussions. The parties formed a joint trade committee led by Undersecretaries from both countries to address obstacles faced by businessmen in increasing cross-border trade. In this context, there was discussion of streamlining the entry of goods without customs duties, as both countries are part of the "Greater Arab Free Trade Zone." Magbool noted that there is huge trade potential between the two countries.

12. (C) Comment: Like other GCC countries, Oman is alarmed by the situation just across its southern border. This visit was part of Oman's ongoing efforts to support President Salih and foster stability in Yemen. Further trade has the potential of strengthening the current government, without Oman violating its overarching principle of not giving Yemen direct aid that Oman cannot control. End Comment.